

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 333(EDU)
 (H) Publish Date: 3/22/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Endowment for public education RDU Resource Development
 Component Title Acquisition & Defense
 Sponsor Rep. OGG
 Requester (H) RES Component No. 2459

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	327.0	327.0	152.5	152.5	152.5	152.5
Travel	34.5	34.5	10.0	10.0	10.0	10.0
Contractual	58.8	58.8	20.0	20.0	20.0	20.0
Supplies	27.5	27.5	10.0	10.0	10.0	10.0
Equipment	12.0	12.0	5.0	5.0	5.0	5.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	459.8	459.8	197.5	197.5	197.5	197.5

CAPITAL EXPENDITURES						

CHANGE IN REVENUES ()	(unknown)	(unknown)	(unknown)	(unknown)	(unknown)	(unknown)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	459.8	459.8	197.5	197.5	197.5	197.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	459.8	459.8	197.5	197.5	197.5	197.5

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	5	5	2	2	2	2
Part-time	1	1	2	2	2	2
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note is the minimum necessary for DNR to identify and convey land to the University of Alaska and State of Alaska. Costs could be higher depending on what lands are selected and the level of controversy relating to individual parcels. Most costs for the conveyance work must come from state funds.

HB 333 appears to be intended as a revenue bill but is in fact it is a lands bill as written. Should the bill be amended to eliminate the conveyance requirement and implement strictly the fiscal intent then the expenditures identified on this fiscal note will revert to zero(0).

It is impossible at this point to determine the negative revenue impact to the state's general fund. It could range from the state's entire revenue base (if all of Prudhoe Bay oil fields were conveyed) to nearly zero (if only lands in the Kuskokwim Flats area were conveyed).

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 Division Mining, Land and Water Date/Time 3/2/04
 Approved by: Thomas Irwin, Commissioner Date 3/2/04
 Agency Natural Resources

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ANALYSIS CONTINUATION

As written, this legislation requires the department to convey to itself and to the University of Alaska, as tenants in common, one (1) percent of all land conveyed to the state under the Alaska Statehood Act. These lands would include general grant lands, Community Grant Lands and National Forest Service Grant lands. To date 88.6 million acres out of the original 102.5 million acre entitlement have been conveyed to the state, one percent of these lands would be about 886,000 acres. Future conveyances to the state under the statehood act would also be subject to this requirement. Under the provisions of the bill the department would maintain the responsibility of managing the lands.

The bill requires that all the earnings derived from the management of these lands be annually deposited into a new Education Fund, for the benefit of the university.

The bill does not designate which lands are to be conveyed nor does it include a method or establish standards by which the department and the university would select these lands.

It is impossible to project how much revenue these conveyances will generate for the University, and will be lost to the state, without knowing exactly what lands will be transferred. However, it can be assumed the University will desire to select the most valuable parcels it can find. The effect is to divert a significant revenue stream out of the general fund, where it would have been available for those public purposes the Legislature deemed most important in a given year, into the newly established Education Fund for strictly university purposes. Also, by removing the most valuable parcels from the state's asset base, the bill reduces one of the most important incentives for local government to incorporate: the opportunity to select top-quality commercial, residential, and industrial land for municipal ownership under AS 29.65.

In developing this fiscal note certain assumptions were made concerning the methods by which this legislation would be implemented;

- DNR would be required to work with the university to determine which lands would be selected. This would include selections from the state's unencumbered current holdings and ongoing conveyances over the next 5 to 50 years as lands are acquired from the federal government.
- Any lands that may be conveyed would need to undergo title review to identify encumbrances and conflicts, develop legal descriptions and prepare conveyance documents.
- No additional survey work would be required as long as lands are conveyed by existing surveys, or aliquot part descriptions, or in their entirety as received by DNR.
- Land records systems would have to be modified and records updated to note ownership change and to track transactions and management of the land.
- All land management decisions would be reviewed through the University's lands department under a model similar to that employed in the interim Mental Health Trust Settlement management scheme.

Cost for Section AS 14.40.507 The new program requires selection and conveyance of a large amount of acreage initially with annual management of all properties and additional conveyances of future lands ongoing as the statehood entitlement is completed.

DNR estimates that the initial identification and conveyance portion of the program will require the following staff for two years:

- 1 NRM I – @\$66.0 = \$66.0
- 1 NRS II – @\$58.0 = 58.0
- 1 NRS I – @\$52.0 = \$52.0
- 1/2 Land Survey Assistant II - @\$58.0/year = \$29.0
- 1 Cartographer II - @\$56.0 = \$56.0
- 1 Analyst programmer - @ \$66.0 = \$66.0

This additional staff would require \$6,000 per position or \$36,000 for office space, \$3,000 per person or \$18,000 for space set up costs. These new positions would also require \$4,800 for phone services and \$12,000 for computer equipment, approximately \$34.5 for travel to the field and liaison work with UA land staff within the state, and \$27.5 is estimated annually for supplies.

Ongoing management of Education Fund lands and management of future conveyance efforts will require the following staff;

- 1 NRM I – @\$65.6 = \$66.0
- 1 NRS II – @\$58.0 = \$58.0
- 1/4 Land Survey Assistant II - @\$58.0 = \$14.5
- 1/4 Cartographer II - @\$56.0 = \$56.0 = \$14.0

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ANALYSIS CONTINUATION

This staff is required to be maintained in addition to existing staff because DNR must consult with and receive concurrence from UA for all land authorizations and also must continue to convey a one percent portion of all new lands conveyed by the feds under 6(a) and (b) of the Statehood Act.

Support costs would include expenses for travel, contractual supply and equipment expenses.